

14V - DEBT PREPAYMENT FUND

Operational Summary

Agency Description:

To reduce the General Fund debt burden. Currently there is \$981 million outstanding in General Fund debt, of this amount \$873.7 million is from the bankruptcy recovery.

This fund was created by Board of Supervisors action on October 20, 1999 which transferred \$27.1 million from the Debt Repayment reserve to this new fund. Subsequently, the annual strategic financial plans and corresponding budgets have added money to this fund. The County has redeemed or defeased \$363.6 million in outstanding debt since 1998.

The next target for reduction or defeasance are the outstanding 1995 Refunding Recovery Bonds (see also Fund 15P) which have a current balance of \$240.2 million.

At a Glance:

Total FY 2001-2002 Projected Expend + Encumb:	1,327,150
Total Recommended FY 2002-2003 Budget:	94,723,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- To eliminate or reduce the debt service burden on the General Fund. Reduction of debt releases scarce County general purpose revenues for more productive uses. Although the 2002 Strategic Financial Plan assumed further reduction in the 1995 Refunding Recovery Bond principal, no additional reduction has taken place. Recent historically low interest rates have made it economically unfeasible to defease additional debt.
- The interest on the cash in this fund is retained by the fund. However, because anticipated debt reduction has not taken place, this fund will transfer \$1.3 million during FY 01-02 and \$1.2 million during FY 02-03 from interest earned to the General Fund, Agency 100.

Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Not applicable.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Eliminate or reduce at least \$80 million in outstanding 1995 Refunding Recovery Bond debt.

Changes Included in the Recommended Base Budget:

Not applicable.

Proposed Budget and History:

Sources and Uses	FY 2000-2001 Actual	FY 2001-2002 Final Budget	FY 2001-2002 Projected ⁽¹⁾	FY 2002-2003 Recommended	Change from FY 2001-2002 Projected	
					Amount	Percent
Total Revenues	14,243,292	17,989,899	17,913,049	36,718,705	18,805,656	19.64
Total Requirements	1,010,071	59,651,000	1,377,000	94,723,000	93,346,000	6,778.94
FBAFBA	28,235,025	41,661,101	41,468,245	58,004,295	16,536,049	39.88

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2001-2002 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Debt Prepayment Fund in the Appendix on page 624.

Highlights of Key Trends:

- On February 25, 2002, the Board of Supervisors approved a construction contract for the construction of the Theo Lacy Branch Jail Building "B" that is funded from Public Sales Safety Tax Surplus (Fund 14B), Special Designated Revenue Fund 15S and the Public Safety share of the Tobacco Settlement Revenue, Fund 13N. See Fund 15C for additional information.
- Because the jail expansion is now funded, \$32.7 million that was kept in the general fund bond reserve for this purpose, was earmarked for transfer to Fund 14V for use in further debt reduction. However, because of a lack of sufficient revenues to fund ongoing general fund programs, the transfer was reduced by about \$7 million. Additionally, \$10 million as programmed in the 2001-2002 Strategic Financial Plan are added in the FY 2001-2002 Budget.